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JULY 2018

New Chair

Proves Building
Success Starts
at Home

CornerstoneValues

Lewis Sharpstone, CPA
Audit Partner, BDO

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Cheers to the **New Chair!**

Mix Values With Guiding Principles,
and Bob's Your Uncle, Success!

It's not hard to feel at ease with CalCPA Chair Lewis Sharpstone. Hearing the familiar (at least to me) British accent immediately disarmed me, and connecting over our shared knowledge of England, London and football (European round ball, not American pigskin) made me feel like I already had a new friend, even though my family roots are in South London to his East, making us football rivals.

But it's even easier to respect Sharpstone, a principled man who has relied on values bestowed on him by his mentors that has resulted in a picturesque life in Los Angeles with his wife and five kids, as well as a career as a nonprofit powerhouse in the world of accounting.

As far as how it all started, the adage "it takes a village" rings true.

It Takes A Village

Looking back on his childhood, and considering what he knows now about the different childhoods that can be had, Sharpstone says he had a "really wonderful and idyllic childhood. Lots of people go visit London, but very few are going to visit East London," he chuckles. "It's a relatively nondescript area. London is 607 square miles, and I spent 95 percent of my childhood in about 6 square miles of it."

Five doors from where he grew up was the house his grandparents lived in, which was also the house his mother grew up in. His dad's parents lived only half a mile away, in the house his dad grew up in. All the apples were close to the trees, which benefitted everyone.

"I grew up surrounded by very close family: uncles, aunts, grandparents, cousins—as well as many of my parents' childhood friends. It was a very warm and wonderful childhood."

Sharpstone even attended the same high school as his father, and had many of the same teachers.

Of his parents, Sharpstone says, "If you look up 'opposites attract,' there they'd be. My mum was very artistic—she was a hairdresser, artist, sculptor—all right-brained and very creative." His dad? When Sharpstone was born, his left-brained father was training to be an accountant, what's called an "articled clerk."

"He had no discernible right brain as far as we could tell," he laughs. "He had the typical accountant personality: very calm, never swore or shouted. My mum, on the other hand, was a very sweet lady, but where most kids called the f-word just that, we called it mummy's word."

Different personalities aside, Sharpstone says his parents shared similar values (loyalty, resilience, a positive outlook on life) that stuck with him through his life—and that he appreciates in his profession and at CalCPA today.

"For me, it isn't a similar personality that determines whether I'm going to get along with you. In fact, I like different personalities. It's more about sharing values for me—the big values like ethics, integrity and putting other people first," he says. "I see that embodied in CalCPA: We have a wide variety of personalities brought together by common values."

The Four Pillars of the Sharpstone Accountant

Sharpstone says something clicked in his brain around high school, and he became a model student. "I was a top student in one of the top schools in the area where I grew up. I wanted to be an accountant

PHOTOGRAPHY BY RICHARD MORGENSTEIN

because my dad loved it so much and I loved my dad. But the teachers kept coming to me and saying, 'You know you don't have to become an accountant? You can be a doctor, or a lawyer or whatever you want.' But there were four reasons I saw as a teen that kept me on track to be an accountant."

The first reason he explains by way of a story. "I'd be down on the High Street, or at a restaurant with friends—or maybe even at one of my beloved West Ham United's matches—and people would come up to me ask if I was my dad's son. I'd tell them I was, and what happened next was always very different, but always very similar. It would go something like this:

"They would invariably call someone over to point out I was my dad's son, and then they would regale me with some story about how my dad helped them, from helping with tax issues or an offer in compromise to maybe helping when a bank tried to foreclose on a house in lieu of a failing business. But the story was always the same: They couldn't sleep, were up all hours worrying and went to see my dad, who helped them. He sorted things out for them. It would always end with them telling me how my dad saved their life, and that I should thank him for them. It was very inspiring. If I heard that one time, I heard it 20 or 30 times in my teenage years. I didn't know debits and credits at that point, but I knew that accountants helped people—they made a difference in people's lives. It was a very powerful message for a teenager."

The second reason Sharpstone mentions comes from seeing his dad being a very good family man. "It's not that he didn't do work in the evenings ... So did I. I had homework, so that didn't bother me. But he was a great family man, so I could see it was an ideal profession to combine helping people as well as being there for your family."

The third driver was his dad's volunteerism. "He served on boards, for nonprofits and paid it forward. He spoke at our local youth group on how great it was to be an accountant, and some of my friends even became accountants because of that."

He asked his dad why he did all that volunteer work, to which his dad responded, "It's just what you do as an accountant. You have to try to give back to the community and use your skills for the public good to make a difference."

The fourth reason was based in a realization of young Sharpstone's that the more you help people, the more rewarding it is for you both financially and emotionally. "My dad spent 62 years in public accounting before retiring, and helped a lot of people. He had highs and also deep and difficult lows. When I was in my

20s he made mistakes and paid the price and yes, he let me down, too. But he never lost his love for accounting. He never lost his desire to help people."

When it was time to go to college, Sharpstone did a little research when visiting a friend at Manchester University. He noticed the university was offering a computer science degree. When he got back to London he asked his dad if he thought it would be helpful for his accounting career to learn something about computers. Dad gave him the "big thumbs up," and Sharpstone headed to Manchester and got a degree in computer science and mathematics, with a plan to sit for the accounting exam during his clerkship.

Sharpstone graduated in the summer of 1982, at 21, and bought a ticket to travel the globe. One of his stops was in Los Angeles, and it was a visit that left an impression with him when he started with PriceWaterhouse back home that September. "The PriceWaterhouse London office was one building with 7,000 employees. It was the global headquarters at the time. I was so excited to be training to be a chartered accountant at a fantastic firm, but in the back of my mind I was wondering how to distinguish myself from the pack."

The answer came from something Sharpstone learned early on and was a mantra that he employed throughout his career: "You use what you got and give it your all. Don't coast even for a day, hour or minute. So, what did I have? I had a computer science degree, which was pretty unique back then. And I had a good brain."

So Sharpstone gave it his all, passed his chartered accountancy exams in 1985. And then the notion came up as to whether he would like to work overseas for a couple years. This is where his previous trip to Los Angeles gave him an idea of where he wanted to go.

"I always joke about this and it's very much a joke—but I wanted to find a place that was warm and civilized. I couldn't find both, so I chose a place that was warm and came to L.A."

So, in December 1986, he joined PriceWaterhouse in L.A. and started the next chapter of his life.

L.A. Story

Sharpstone started his work in the L.A. PriceWaterhouse office with the small-business group. Following his mantra, he gave it his all and was granted an early promotion to management as well as made nonprofits audit manager.

"I don't do anything without first trying to understand it, so on my first nonprofit job I bought books on nonprofits and read up on all that I could. I remember the client commenting



Sharpstone's Finer Points FUNFACTS

1 He's a Columbo nut. "I'm one of the handful of people in the world that knows everything about Columbo. I know every episode, and every scene in every episode. Peter Falk told me one time I probably know more about the show than he did." On his last day at SingerLewak before retiring, which happened to fall on Halloween, his staff dressed up as Columbo to see him off.

2 He is a great son and is close to his mother, who he visits in England often, as well as his mother-in-law. In the case of the latter, he even phoned her to suggest she buy the house next door when it came up for sale. She did buy the house and lived there for awhile before eventually moving in with him after some medical issues, where she lives now at the age of 86. "I'm making sure my kids are watching all of this, so they know this is how you take care of the people in your family," he says wryly. "I love to hear them sitting around the table arguing who has to spoon feed me and who has to change my diapers when I'm 96."

3 When he's not working or at home with the family, you can find him on his 36-foot carver, which has a master bedroom, guest room, kitchen and bar area. He's had the boat for about 19 years. "I have had so many happy days on the boat that it's hard for me to remember them all!"

4 He is an adjunct professor at California State University, Long Beach. "I've really enjoyed my teaching. It came about as part of a chance conversation I had at a CalCPA meeting with John Lacey, who I think is on par with the most interesting man in the world."

5 He owns a classic 1969 E-type Jaguar that he bought more than 20 years ago. "I'm only the second owner. Next year the car will be 50 years old. It's a gorgeous, original car that I've had in a few car shows. It's a real work of art."



Message from the Chair

Lewis Sharpstone

I love questions. I think most CPAs love questions, too. Questions are powerful. Asking a question connects and engages people, usually in a pursuit for something better. I hope you enjoy pondering the following three questions and my thoughts on them.

Question 1: Of the three letters in our beloved CPA professional designation, which one would you pick as the most important?

Yes, it's a bit of an odd question, but please play along.

A: Accountant. An argument could be made that this is possibly the least important, because almost anyone can be an A. Somebody with no previous accounting experience or training can take a job as an accounts payable clerk and overnight, they are an A. It's important because accounting is at the heart of what we do. But many licensed CPAs don't actually perform any accounting these days.

C: Certified. So first you're an A. Then you decide to get certified. Assuming you have all the right academic units you can now study and sit for the exam, and if you pass, then pass an ethics test and your application is accepted by the California Board of Accountancy, you become C. This is a significant achievement and the professional rewards are often subsequently reaped and enjoyed by the C. You can now add CPA after your name.

You worked for the C, but the P seemed to come

with it and since after getting the C we often immerse ourselves in our careers yet more, we often don't stop to think about the P.

P: Public. In other countries the professional designation is just CA. The UK certification is ACA or ACCA. Canadians now call themselves CPAs, but the P stands for Professional. Is the P for public in our title unnecessary or redundant? Or is it vital and magical?

I would argue the P for public is magical—and if not the most important letter, at least jointly as important as the C. The P is a reminder right there in our professional designation that we CPAs have a sacred duty to always act in the public interest and protect the public.

This is why my theme for my year as chair is emphasizing the P in CPA. We're going to do this in a number of ways, which will hopefully have a number of benefits for us all and for CalCPA:

- **Attracting young people to the profession and to CalCPA:** The young generation is truly wonderful. They are idealistic. They want to make a difference and are very community and public minded. They feel called to action to work together to try to make our communities better for us all. An unselfish profession like ours that puts the interests of the public in the forefront of everything we do should be very attractive to these young people. And them joining CalCPA, the premier organization promoting and contributing to the success of our members as we in turn serve and protect the public interest, should also be attractive to them. They need to know this aspect of being a CPA. We are developing a webpage and some strong messaging around this for our campus and high school outreach activities.
- **Enhancing the CPA and CalCPA Brand—1:** If you look at our website it's very member

focused. This is a good thing since our mission is ultimately to serve our members. What we don't have is a high visibility webpage focused for the public. By the way, "public" is the only word that appears in our vision, mission and our core values! (calcpa.org/who-we-are/calcpa-factsheet) We know that protecting and serving the public is baked into everything we do, but the public is less clear on this. We are developing a webpage and some messaging so the public understands this noble calling and CalCPA's role.

- **Enhancing the CPA and CalCPA Brand—2:** We CPAs give back a tremendous amount to our communities in terms of public service by serving on nonprofit boards, volunteering in our communities and all manner of other things we do. We at CalCPA celebrate significant individual and firm achievements in this area though our Public Service Awards. What we haven't done is celebrate our collective overall work in donating time and serving our communities. Through a webpage and some messaging, we are working to celebrate this and further enhance our brand.
- **Collaboration:** There are many other professional bodies with whom we have close relationships for mutual benefit whose mission also includes protecting the public. The California Board of Accountancy, NASBA and AICPA to name just three. We will take the opportunity through this year to extend our relationships with these bodies to explore ways we can further our collaboration in the area of protecting and serving the public.

Question 2: On a scale of 1 to 10, how awesome are the Big Four?

The reason I pose the question is that the Big Four and the next four are, let's face it, pretty

after the job about how into nonprofits I appeared to be. I told him that I found it was indeed very rewarding working with nonprofits."

This eventually landed Sharpstone working mainly with nonprofits from 1986-89, which he describes as a "really wonderful time."

In 1989 he made the decision to stay in L.A. permanently. "I loved the weather, I loved the people ... I literally fell in love with L.A. and America," he says. "But I felt it was probably time to move on from PriceWaterhouse to a firm that was more focused on small business and the nonprofits I enjoyed working with so much."

Back then there were the Big Eight, but there was also something in L.A. called the Local Eight, and Sharpstone interviewed with a few of those firms. Those interviews led to him to join Singer Lewak Greenbaum & Goldstein in December 1989 as an audit manager. But

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there weren't a ton of audits to be done, and around 1990 (with the advent of a single audit law for nonprofits) Sharpstone was asked to try and expand the firm's nonprofit practice.

"At the time, it didn't seem as if there were too many firms specializing in nonprofits. So I wrote a business plan to expand the audit practice at Singer Lewak, with a focus on nonprofits," he remembers.

Sharpstone then turned marketer and did a mailer to about 700 potential clients, which garnered around 12 responses that led to eight meetings and resulted in landing one client: the Los Angeles Conversation Corp (LACC). "I served them for 14 years before they rotated to two other firms. Coincidentally one of the last clients I brought to Singer Lewak was again the LACC in 2015," he says.

awesome. As our profession evolves, they often lead the profession's evolution in ways that should make us all proud. Just four examples are as follows:

- **Diversity and Inclusion:** Our profession is working hard to be more diverse and inclusive. One aspect of this is having more women in partner and leadership positions in our profession. The Big Four have done a great job in this regard as the CEOs of three of the four Big Four firms are women. CalCPA also is focused on this issue and launched a diversity and inclusion program in 2017 as part of my predecessor, Kathy Johnson's initiatives as chair. You can find more information on our website, calcpa.org/diversity.
- **Audit Quality:** This has been an issue recently as evidenced by the 2016 Department of Labor report on audit quality related to pension plan audits. The survey concluded that the Big Four and the next four had by far the highest degree of compliance with the standards. Some have said they "saved" us all!
- **The Future of Audit:** From self-parking and self-driving cars to Alexa, automation and artificial intelligence are rapidly becoming part and parcel of every aspect of our lives. The technology to automate the audit is already here and the Big Four are making the investment and leading the way in bringing the automated audit to market.
- **New Audit Pronouncements, Tax Law Changes:** Take revenue recognition or the new tax law—how many of us have gone online and utilized the amazing material the larger firms have put out on these subjects?
Our Big Four membership in CalCPA has, for the six years I have served on CalCPA Council, been relatively constant at around 10 percent of eligible members. More than 20 years ago, that percentage was much higher. Anecdotally I would say the percentage of Big Four and large firm membership

in state societies on the East Coast is higher than in California. For smaller firms, our CalCPA membership is around 50 percent of the potential market. So larger firms are actually significantly under-represented within CalCPA.

It would be huge for us if we could engage the larger firms more in CalCPA and grow our membership percentage in this area. The effort to do so has been ongoing for several years and has gained some significant traction in the last year:

- Deloitte signed up 100 percent of their California partners and managers to CalCPA this year and many more staff, adding 145 CalCPA members.
- PwC shot a video and emailed it to its staff encouraging them to be CalCPA members.
- Big Four CPAs joined our CalCPA Accounting Practices and Assurance Services Committee and our Government Relations Committee.
- Our Orange County/Long Beach Chapter had three Big Four CPAs serving on its board, including the president and the president-elect.

As you read the above, don't get me wrong. Our smaller firms and sole practitioner members have been—and will always be—the majority stakeholders in CalCPA. We estimate between 46 percent and 53 percent of members are working at firms of 10 or less CPAs—and perhaps 18 percent as sole practitioners, according to recent research.

But we are one professional body, working to achieve the same goal of advancing the profession. And as more Big Four and larger firms engage in CalCPA, we will all benefit. We are an inclusive organization, a multi-dimensional, multi-faceted jewel that has something for every current and future CPA in California. My ask this year is that we all make that effort to warmly embrace our newer larger firm members in CalCPA. They, like us, are fantastic people who love our profession as we all do.

Question 3: Which is the healthier tree: The one with expansive branches and

leaves, but under-developed roots, or the one with a well-developed and deep root system, but with under-developed branches?

The answer is clearly the third tree, the one with both.

At CalCPA we all stand on the shoulders of the amazing leaders who came before us. In the last two years I have been honored to serve as first vice chair during Kathy Johnson's term as CalCPA chair and as secretary/treasurer during Andy Mintzer term as chair. Both launched amazing initiatives that are poised to reap huge benefits to CalCPA and its members.

Kathy was a historic chair and her initiative, as mentioned, was to increase diversity and inclusion, particularly with respect to outreach to high school and community college future CPAs. Andy is leading the charge with our professional forums initiative, whereby CalCPA members will have the opportunity to engage in a topic forum that interests them.

And then there is our relatively new membership category for non-licensed financial professionals, voted on by council and launched two years ago. This category is growing due to its newness, but to continue to grow, we need to engage in some niche and targeted marketing.

These three important initiatives have grown branches and need some time to grow roots. So one of my priorities this year will be to fully support these new initiatives and help grow these roots. We can never stop looking for new ways to engage our members, increase value to them and grow our membership. I'm so happy we have a lot already in the works to do all these things.

Thank you for reading this and for your engagement in CalCPA. If you have thoughts on any of this or anything within CalCPA I welcome hearing from you at chair@calcpa.org.



Lewis the Builder: Yes He Can!

Sharpstone's success with LACC speaks to another of his mantras: "In everything I have done or been a part of, I never burn bridges. It's very important to me that everything happens on good terms. Once you've done something for me, I am your friend forever."

And Sharpstone considers Singer Lewak to be one of those friends he's eternally grateful for. The firm ushered him through his CPA exam state side, as well as sponsored him for a green card. Moreover, in 1993 when he was going through a divorce, doing more parenting than he had anticipated and "the world was looking a little uncertain," the firm was incredibly supportive.

"In 1993 they even made me a partner. That was amazing for me," he says.

Sharpstone is proud of and close with his two children from his first

marriage. His daughter is a manager for a group home for troubled children, and his son lives in Manhattan as a digital COO for a retail startup. He always put his kids first, and vowed he wouldn't get married again for five years following the divorce. "As fate would have it, I did happen to meet Ms. Right, who was a CPA, in 1993 and we did wait for five years, getting married in 1998." Soon after that, Sharpstone had more children—three more to be exact, in 1999, 2000 and 2002. All girls.

Remember when Sharpstone learned from his dad that accountancy was a good profession for a family man? That was put to the test in 1993 when he was going through his divorce, and again when he had five children in the house starting in 2002. "Some were babies, some were in pre-school, some were in high school. It was very busy family time, but very, very wonderful," he says.

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Cheers to the New Chair!

You Get a Nonprofit, You Get a Nonprofit, Everyone Gets a Nonprofit Client!

All the while Sharpstone continued building the nonprofit practice. By 2003, he estimates the firm had about 60 nonprofit clients. He was serving on the executive committee of the firm and had now been a member of CalCPA for close to 10 years (with his rise to partnership in 1993 came a CalCPA membership).

“And then the dam broke on the nonprofit side after Enron and WorldCom. When SOX came along, the Big Four decided they really didn’t have the capacity to do everything anymore,” says Sharpstone. “They needed to focus on the new SOX work and exited stage left from many of their nonprofits.”

This allowed Sharpstone to break into major nonprofits previously controlled by the Big Four.

“The first major nonprofit to call me was the Los Angeles Philharmonic. They had asked around and were given my name. One thing led to another and we landed them as a client, which was very exciting,” he says.

That led to Sharpstone being the lead man for everything at the Los Angeles Music Center (except the Opera) and beyond. He ended up bringing in about 20 major nonprofits, as well as dozens and dozens of smaller nonprofits. All the while they were bringing in staff and training people for the nonprofit world, and things kept growing.

“By 2015 I had worked with more than 200 nonprofits, and the firm had about 40 people specializing in nonprofits. It was an amazing nonprofit practice.” The rest of the firm also had grown, and more offices were opened. “It was a wonderful 26 years with the firm.”

Retiring While You’re Ahead

Having hit his benchmarks, Sharpstone put in for early retirement at Singer Lewak. He gave the firm a year to prepare for his departure and gave it his all, doing everything by the book (or, partnership agreement) to make sure and not burn any bridges—in line with his aforementioned mantras.

Sharpstone’s last day at the firm was Oct. 31, 2016 (Halloween). He dressed up as Elvis.

“It was emotional. As I was walking out the front door they put a sign over the door: ‘Lewis has left the building.’ I turned the corner and about 50 people had spontaneously gathered. Everything felt like it was in slow motion as I was walking around the corner and saw everyone. It was wonderful.”

On Nov. 1, 2016, at 8:30 a.m. Sharpstone was at work in the office at BDO, where he is now an audit partner and Nonprofit Industry Group practice leader for the west region.

“I didn’t know what I was going to do after retiring from Singer Lewak, but I knew for sure I wasn’t going to retire from public accounting, given my DNA,” he says. “I love public accounting. I have five children, including three girls in high school, and I need to work! But I love to work, and I love what I do. And, at this point, I’m very involved in the profession.”

This, in part, alludes to his growing CalCPA involvement that had been gaining momentum in the background of all his nonprofit work.

A CalCPA Epiphany & Membership Growth

“In 2011 I was invited by Rich Simitian to join CalCPA’s Board of Directors. I had been involved here and there throughout the years prior, but I always wanted to get more involved,” he says. Once he took

‘You use what you got and give it your all. Don’t coast even for a day, hour or minute.’



that seat, his attitude toward the organization changed.

“My eyes were opened to how unbelievable CalCPA is. I always describe it as this multi-faceted jewel that has something for everybody, no matter where you are in your career. On top of that are all the other things the organization does, like financial literacy efforts and advocacy for the profession. I think even if you’re involved with CalCPA it’s still hard to know all the things we do. I was so enthralled.”

With this in his mind and heart, Sharpstone pushed for Singer Lewak to be a 100 percent CalCPA member firm. “We went from about 20 CalCPA members to more than 200.”

After leaving Singer Lewak, Sharpstone knew he would stay in public accounting, but he was not sure in what capacity he would do so. “I knew BDO was an unbelievable nonprofit firm, but most of the clients seemed to be on the East

Coast. They are hungry to grow the practice in the west. So they asked me to come in and help. But what really attracted me to BDO, honestly, was the culture and the people. And I have not been let down at all.”

Sharpstone says BDO has been supportive of his involvement with CalCPA as well. “And that’s been thrilling. Last summer we assembled a team of 19 runners to take part in the CalCPA and Sean Brock Foundation 5K Run and Walk, an annual event BDO also sponsored.”


Much like he did at Singer Lewak, Sharpstone appealed to BDO leadership after seeing where the firm ranked on CalCPA’s Top 150 Firms list. “I said our ranking (24) doesn’t seem to represent BDO in the right light because we love our profession, and the number of CalCPA members in the firm doesn’t reflect it. They all agreed and asked me to help.”

So, in January, Sharpstone helped coordinate BDO’s two regional partners traveling to CalCPA’s Burlingame headquarters to produce a two-minute video encouraging membership. But it seemed disingenuous to encourage others to join without BDO itself first stepping up. So leadership first signed up all the partners to be members, and next signed up all candidates and new licensees of the firm as a gift. “When the next batch of numbers come out we will have gone from 82 members to 388,” he says.

Sharpstone Staying True to Sharpstone

Taking a look at Sharpstone’s story as a whole, it’s clear that his mantras and values learned early on have become a stalwart foundation upon which his every success was built. And he’s not only appreciative of his roots, but also humbled by them. This is evident by his dedication to his family, friends, colleagues and clients.

Sharpstone stays true to his core, his beginnings in East London and the values given him by his family and mentors. This has grown him into a successful man who staunchly believes in the power of giving back and paying it forward.

“It’s always been about having a purpose and making a difference for me,” he explains. “Working with nonprofits makes me feel like I’m doing that from 6 a.m. to 11 p.m. On top of that, as well as being very emotionally rewarding, working with nonprofits is also very technically rewarding. All in all I couldn’t think of a better sector to be in.” 

Damien B.M. English is CalCPA’s managing editor. You can reach him at damien.english@calcpa.org.

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